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Semi-annual Securities Report

103rd Interim Business Term

**From April 1, 2024
to September 30, 2024**

SEKISUI CHEMICAL CO., LTD.

(E00820)

Table of Contents

[Cover Page]

Part 1. Company Information	4
I. Overview of Company	4
1. Key financial data.....	4
2. Description of business.....	4
II. Overview of Business	5
1. Business risks	5
2. Management analysis of financial position, business results, and cash flows	5
3. Material contracts, etc.	7
III. Information about Reporting Company	8
1. Company's shares, etc.	8
(1) Total number of shares, etc.	8
(2) Share acquisition rights.....	8
(3) Exercise of moving strike convertible bonds, etc.....	8
(4) Changes in the total number of issued shares, share capital, etc.	8
(5) Major shareholders	9
(6) Voting rights.....	10
2. Directors (and other officers).....	10
IV. Financial Information	11
1. Interim consolidated financial statements.....	12
(1) Interim consolidated balance sheets.....	12
(2) Interim consolidated statement of income and interim consolidated statement of comprehensive income.....	14
Interim consolidated statement of income	14
Interim consolidated statement of comprehensive income	15
(3) Interim consolidated statement of cash flows	16
2. Other.....	23
Part 2. Information About Reporting Company's Guarantor, Etc.	24

[Cover page]

Filing document	Semi-annual Securities Report
Clause of stipulation	Item 1 of the chart in Article 24-5-1 of the Financial Instruments and Exchange Act
Place of filing	Director-General of the Kanto Local Finance Bureau
Filing date	November 11, 2024
Interim accounting period	103rd Interim Business Term (from April 1, 2024 to September 30, 2024)
Company name	積水化学工業株式会社 (<i>Sekisui Kagaku Kogyo Kabushiki Kaisha</i>)
Company name in English	Sekisui Chemical Co., Ltd.
Job title and name of representative	Keita Kato, President and Representative Director, and Chief Executive Officer
Address of registered headquarters	4-4 Nishitemma 2-Chome, Kita-ku, Osaka, Japan
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Name of contact person	Tatsuya Nishida, Managing Executive Officer and Head of Corporate Finance & Accounting Department
Nearest place of contact	10-4 Toranomom 2-Chome, Minato-ku, Tokyo, Japan
Telephone number	+81-3-6748-6460
Name of contact person	Naoko Fukutomi, Executive Officer and Head of Legal Department
Place for public inspection	Tokyo Head Office of Sekisui Chemical Co., Ltd.* (10-4 Toranomom 2-Chome, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

(Note) Although the place marked with an asterisk (*) is not required by the Financial Instruments and Exchange Act to make this document available for public inspection, it is prepared to provide this document for inspection by shareholders, etc., for their convenience.

Part 1. Company Information

I. Overview of Company

1. Key financial data

Term	Interim accounting period of the 102nd Business Term	Interim accounting period of the 103rd Business Term	102nd Business Term
Accounting period	From April 1, 2023 to September 30, 2023	From April 1, 2024 to September 30, 2024	From April 1, 2023 to March 31, 2024
Net sales (Millions of yen)	611,294	629,054	1,256,538
Ordinary profit (Millions of yen)	51,536	48,142	105,921
Profit attributable to owners of parent (Millions of yen)	44,450	42,925	77,930
Comprehensive income (Millions of yen)	65,947	23,838	135,737
Net assets (Millions of yen)	774,777	818,925	820,925
Total assets (Millions of yen)	1,268,765	1,307,044	1,323,243
Basic earnings per share (Yen)	104.18	102.51	183.48
Equity-to-asset ratio (%)	58.84	60.46	59.88
Net cash provided by (used in) operating activities (Millions of yen)	49,334	58,322	106,632
Net cash provided by (used in) investing activities (Millions of yen)	6,794	(13,908)	(18,515)
Net cash provided by (used in) financing activities (Millions of yen)	(26,164)	(37,822)	(53,023)
Cash and cash equivalents at end of period (Millions of yen)	119,842	130,844	126,367

(Notes) 1. Since the Company prepares interim consolidated financial statements, key financial data of the reporting company are not provided.

2. Diluted earnings per share is not provided because there are no potential shares.

2. Description of business

There were no significant changes in the businesses conducted by the Company and its subsidiaries (the Group) and associates during the current interim accounting period.

There were no changes in major subsidiaries and associates.

II. Overview of Business

1. Business risks

No new business risks arose during the current interim accounting period.

In addition, there were no significant changes in the business risks, etc. stated in the Annual Securities Report for the previous fiscal year.

2. Management analysis of financial position, business results, and cash flows

(1) Financial position and business results

(i) Financial position

Assets, liabilities and net assets

Total assets as of the end of the current interim accounting period stood at 1,307,044 million yen, a decrease of 16,199 million yen from the end of the previous fiscal year.

(Assets)

Current assets stood at 677,502 million yen, 8,061 million yen lower than the balance as of the end of the previous fiscal year.

This was primarily due to increases in cash and deposits of 3,967 million yen and total inventories of 7,578 million yen, offset against decreases in total trade receivables of 14,920 million yen and accounts receivable - other of 4,711 million yen.

Non-current assets decreased 8,138 million yen to 629,541 million yen.

(Liabilities)

Total liabilities decreased by 14,199 million yen to 488,118 million yen, primarily due to an increase in advances received of 9,931 million yen, offset against decreases in short-term borrowings of 8,671 million yen, total trade payables and others consisting of notes payable - trade, electronically recorded obligations - operating, accounts payable - trade, and accrued expenses of 6,456 million yen, income taxes payable of 4,304 million yen, and deferred tax liabilities of 3,577 million yen.

(Net Assets)

Net assets stood at 818,925 million yen as of the end of the current interim accounting period, a decrease of 2,000 million yen.

This mainly reflected the posting of profit attributable to owners of parent of 42,925 million yen despite dividends paid of 16,478 million yen, purchase of treasury shares of 8,920 million yen and decreases in foreign currency translation adjustment of 9,504 million yen, valuation difference on available-for-sale securities of 7,997 million yen, and remeasurements of defined benefit plans of 2,525 million yen.

(ii) Business results

In the six months ended September 30, 2024, despite sluggish domestic demand for new housing, demand was strong in electronics markets and for building materials and consumer goods, and other products in the U.S., resulting in higher sales of high value-added products. There were also positive effects from foreign exchange rates, and net sales reached a record high in the first six months.

Operating profit reached a new record high for the first six months of the fiscal year as a result of efforts to increase sales of high value-added products, secure profit, and control fixed costs.

Ordinary profit and profit attributable to owners of parent decreased, mainly due to effects from foreign exchange losses.

In terms of consolidated operating results for the current interim accounting period, net sales were 629,054 million yen (up 2.9% year on year), operating profit was 48,723 million yen (up 18.4% year on year), ordinary profit was 48,142 million yen (down 6.6% year on year), and profit attributable to owners of parent was 42,925 million yen (down 3.4% year on year).

Business results by business segment were as follows.

a) Housing business

In the six months ended September 30, 2024, sales increased in the Housing Renovation business and the Real Estate business, but the decrease in the number of houses ordered in the New Housing Construction business in the previous fiscal year resulted in a decline in net sales overall. Meanwhile, effects from increases in unit prices and measures to strengthen profitability in the New Housing Construction business emerged, and profits increased.

Orders received in the New Housing Construction business were flat from the same period of the previous fiscal year overall, despite year-on-year increases in orders received in urban areas such as Tokyo, Chubu, Kinki, and other regions. In the Housing Renovation business, orders increased year-on-year as a result of an increase in sales personnel and increased sales of large-scale renovations.

In terms of measures, in the New Housing Construction business, we developed products tailored to the needs of each area and implemented sales strategies. We also implemented measures to increase profitability, shifted personnel to growth areas in the Housing Renovation business and other businesses, and took measures to reinforce sales structures.

As a result, net sales were 253,654 million yen (down 4.2% year on year) and operating profit was 14,564 million yen (up 12.3% year on year).

b) Urban Infrastructure and Environmental Products business

In the six months ended September 30, 2024, despite a slump in the domestic housing market, non-housing markets experienced moderate recovery, and net sales increased. Although there were effects from higher total costs, we made efforts to improve sales prices and control fixed costs, and as a result, operating profit reached a new record high for the first six months of the fiscal year.

In the Pipe Systems field, although market conditions for chlorinated polyvinyl chloride (CPVC) in India were sluggish, net sales increased year-on-year due to effects from a moderate recovery in domestic non-housing markets and increased sales, primarily of prioritized products.

In the Buildings and Infrastructures Composite Materials field, the domestic housing market was sluggish, but in the non-housing field, sales of large high-capacity drainage systems increased and price revisions permeated markets. Also, efforts to increase orders for synthetic lumber (FFU) in Europe progressed, and as a result, sales in the field as a whole increased year-on-year.

In the Infrastructure Renovation field, sales increased year-on-year as a result of covering the decline in domestic demand for pipeline renewal by overseas demand, a recovery in demand for water storage tanks (panel tanks), and other factors.

As a result, net sales were 113,430 million yen (up 3.4% year on year) and operating profit was 8,470 million yen (up 5.1% year on year).

c) High Performance Plastics business

In the six months ended September 30, 2024, semiconductor-related demand as well as demand for building materials and consumer goods turned toward recovery, sales of high-performance products increased, and there were positive foreign exchange effects, and as a result, net sales increased and operating profit was up significantly, reaching a new record high for the first six months of the fiscal year.

In the Electronics field, the smartphone market was firm, semiconductor-related demand recovered, and efforts to capture new demand made progress, resulting in a year-on-year increase in net sales.

In the Mobility field, despite sluggish demand for some aircraft-related products, sales of high-performance interlayer films (used mainly for head-up displays, solar control, and color design) increased at a steady pace, and net sales increased year-on-year.

In the Industrial field, demand for building materials and consumer goods recovered in North America and Japan, and net sales increased year-on-year.

As a result, net sales were 221,115 million yen (up 10.4% year on year) and operating profit was 29,856 million yen (up 30.0% year on year).

d) Medical business

In the six months ended September 30, 2024, net sales increased and operating profit reached a new record high for the first six months of the fiscal year as a result of the steady capture of diagnostics demand in Japan and overseas.

In the Diagnostics business, there was an increase in sales of COVID-19 diagnostic kits in the U.S., which had been delayed, and shipping delays caused by damage from cyberattacks on leading distributors were eliminated, resulting in firm sales of influenza diagnostic kits, and net sales increased year-on-year.

In the Pharmaceutical Sciences business, there were effects from production adjustments for leading products in pharmaceutical ingredient contract manufacturing, but orders for drug development solutions increased and sales of reagents were up as expanded newborn screening (NBS) tests became publicly funded in Japan, and as a result, net sales increased year-on-year.

As a result, net sales were 47,877 million yen (up 9.6% year on year) and operating profit was 5,956 million yen (up 16.2% year on year).

e) Other businesses

In terms of the business results for the current interim accounting period, net sales were 3,475 million yen (up 9.2% year on year) and operating loss was 5,900 million yen (operating loss of 5,107 million yen in the same period of the previous fiscal year).

(2) Cash flows

Cash and cash equivalents (“net cash”) in the current interim accounting period increased 4,476 million yen from the end of the previous fiscal year to 130,844 million yen at the end of the current interim accounting period.

Factors influencing cash flow accounts during the current interim accounting period were as follows.

(Operating activities)

Net cash provided by operating activities during the current interim accounting period amounted to 58,322 million yen, compared with net cash provided of 49,334 million yen during the same period of the previous fiscal year. This was due to cash inflows, which included profit before income taxes of 61,490 million yen, depreciation of 25,628 million yen, a decrease in trade receivables and contract assets of 12,270 million yen, and an increase in advances received of 10,014 million yen, exceeding cash outflows such as income taxes paid of 23,863 million yen, gain on sale of investment securities of 14,474 million yen, and an increase in inventories of 10,454 million yen.

(Investing activities)

Net cash used in investing activities during the current interim accounting period amounted to 13,908 million yen, compared with net cash provided of 6,794 million yen during the same period of the previous fiscal year. This was due to cash outflows, which included expenditures of 26,362 million yen for the purchase of property, plant, and equipment centered mainly on priority and growth fields, and 3,614 million yen for the purchase of intangible assets, exceeding cash inflows such as cash proceeds from sale and redemption of investment securities of 15,858 million yen.

(Financing activities)

Net cash used in financing activities during the current interim accounting period amounted to 37,822 million yen, compared with net cash used of 26,164 million yen during the same period of the previous fiscal year. This was mainly due to cash outflows from dividends paid (including dividends paid to non-controlling interests) of 17,363 million yen, repayments of long-term borrowings of 9,576 million yen, and the purchase of treasury shares of 8,920 million yen.

(3) Business and financial issues to be addressed on a priority basis

During the current interim accounting period, there were no significant changes in the business and financial issues to be addressed on a priority basis, nor did any such issues newly arise.

(4) Research and development activities

The amount of research and development activities of the entire Group during the current interim accounting period amounted to 21,664 million yen.

During the current interim accounting period, there were no significant changes in the status of the Group’s research and development activities.

3. Material contracts, etc.

There were no decisions on, conclusion, etc. of material contracts, etc. during the current interim accounting period.

III. Information about Reporting Company

1. Company's shares, etc.

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common shares	1,187,540,000
Total	1,187,540,000

(ii) Issued shares

Class	Number of issued shares as of the end of the interim accounting period (shares) (September 30, 2024)	Number of issued shares as of filing date (shares) (November 11, 2024)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common shares	444,507,285	444,507,285	Tokyo Stock Exchange Prime Market	Number of shares constituting one unit: 100
Total	444,507,285	444,507,285	–	–

(2) Share acquisition rights

(i) Employee share option plans

Not applicable.

(ii) Share acquisition rights for other uses

Not applicable.

(3) Exercise of moving strike convertible bonds, etc.

Not applicable.

(4) Changes in the total number of issued shares, share capital, etc.

Date	Change in the total number of issued shares (thousands of shares)	Balance of the total number of issued shares (thousands of shares)	Change in share capital (millions of yen)	Balance of share capital (millions of yen)	Change in legal capital surplus (millions of yen)	Balance of legal capital surplus (millions of yen)
From April 1, 2024 to September 30, 2024	–	444,507	–	100,002	–	109,234

(5) Major shareholders

As of September 30, 2024

Name	Address	Number of shares held (thousands of shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1, Akasaka, Minato-ku, Tokyo	62,991	15.05
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	23,061	5.50
The Dai-ichi Life Insurance Company, Limited (Standing proxy: Custody Bank of Japan, Ltd.)	1-13-1, Yuraku-cho, Chiyoda-ku, Tokyo (1-8-12, Harumi, Chuo-ku, Tokyo)	12,793	3.05
Employees Stock Ownership Plan	2-4-4 Nishitemma, Kita-ku, Osaka	11,851	2.83
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1, Konan, Minato-ku, Tokyo)	9,371	2.23
Sekisui House, Ltd.	1-1-88, Oyodonaka, Kita-ku, Osaka	7,998	1.91
National Mutual Insurance Federation of Agricultural Cooperatives (Standing proxy: The Master Trust Bank of Japan, Ltd.)	2-7-9, Hirakawa-cho, Chiyoda-ku, Tokyo (1-8-1, Akasaka, Minato-ku, Tokyo)	7,302	1.74
Asahi Kasei Corp.	1-1-2, Yuraku-cho, Chiyoda-ku, Tokyo	7,039	1.68
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1, Konan, Minato-ku, Tokyo)	6,673	1.59
JPMorgan Securities Japan Co., Ltd.	2-7-3 Marunouchi, Chiyoda-ku, Tokyo	5,999	1.43
Total	–	155,081	37.05

(Notes) 1. According to the statements of large-volume holdings disclosed on June 20, 2024, Sumitomo Mitsui Trust Asset Management Co., Ltd. holds shares in the Company's stock as of June 14, 2024 as follows. However, we do not include Sumitomo Mitsui Trust Asset Management Co., Ltd. in the major shareholders listed above as we could not confirm the actual number of shares held by Sumitomo Mitsui Trust Asset Management Co., Ltd. as of the end of the current interim accounting period. Details of the statements of large-volume holdings are as follows:

Name	Address	Number of shares held (thousands of shares)	Ownership ratio of share certificates, etc. (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo	11,239	2.53
Nikko Asset Management Co., Ltd.	9-7-1, Akasaka, Minato-ku, Tokyo	13,169	2.96
Total	–	24,408	5.49

2. According to the statements of large-volume holdings disclosed on July 29, 2024, Mitsubishi UFJ Financial Group, Inc. holds shares in the Company's stock as of July 22, 2024 as follows. However, we do not include Mitsubishi UFJ Financial Group, Inc. in the major shareholders listed above as we could not confirm the actual number of shares held by Mitsubishi UFJ Financial Group, Inc. as of the end of the current interim accounting period. Details of the statements of large-volume holdings are as follows:

Name	Address	Number of shares held (thousands of shares)	Ownership ratio of share certificates, etc. (%)
MUFG Bank, Ltd.	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	3,732	0.84
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	11,635	2.62
Mitsubishi UFJ Asset Management Co., Ltd.	1-9-1 Higashishinbashi, Minato-ku, Tokyo	4,419	0.99
Total	–	19,787	4.45

(6) Voting rights
(i) Issued shares

As of September 30, 2024

Category	Number of shares (shares)	Number of voting rights (rights)	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (treasury shares, etc.)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with full voting rights (treasury shares, etc.)	Common shares 25,982,100	–	The Company's standard shares not subject to any restriction on rights Number of shares constituting one unit: 100
Shares with full voting rights (other)	Common shares 418,221,600	4,182,216	Same as above
Shares less than one unit	Common shares 303,585	–	–
Total number of issued shares	444,507,285	–	–
Total voting rights held by shareholders	–	4,182,216	–

(Note) Shares with full voting rights (other) include the following shares (voting rights).

BIP trust for remuneration for directors (and other officers):	686,000 shares (6,860 rights)
ESOP trust for share granting:	86,300 shares (863 rights)

(ii) Treasury shares, etc.

As of September 30, 2024

Name of shareholder	Address of shareholder	Number of shares held in own name (shares)	Number of shares held in others' names (shares)	Total number of shares held (shares)	Shareholding ratio to total number of issued shares (%)
(Shares held by the Company)					
Sekisui Chemical Co., Ltd.	2-4-4 Nishitemma, Kita-ku, Osaka	25,970,300	–	25,970,300	5.84
(Reciprocal holding)					
Sekisuiheim Higashishikoku Co., Ltd.	4-1-16, Kazurashima, Kochi, Kochi	11,800	–	11,800	0.00
Total	–	25,982,100	–	25,982,100	5.84

- (Notes) 1. The number of shares is included in the number of shares with full voting rights (treasury shares, etc.) in the "(i) Issued shares" section above.
2. The Company's shares held by the BIP trust for remuneration for directors (and other officers) and the ESOP trust for share granting are not included in the treasury shares mentioned above.

2. Directors (and other officers)

Not applicable.

IV. Financial Information

1. Methods of preparing interim consolidated financial statements

The interim consolidated financial statements of the Company are prepared based on the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976, “Regulation on Consolidated Financial Statements”).

The Company falls under the companies listed in the upper column of Item 1 of the chart in Article 24-5-1 of the Financial Instruments and Exchange Act and creates Type 1 interim consolidated financial statements pursuant to Part 1 and Part 3 of the Regulation on Consolidated Financial Statements.

2. Note on independent audit

Pursuant to the provisions in Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, the interim consolidated financial statements for the interim accounting period (from April 1, 2024 to September 30, 2024) have been subjected to an interim review by KPMG AZSA LLC.

1. Interim consolidated financial statements

(1) Interim consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	138,572	142,539
Notes receivable - trade	*3 43,109	36,623
Accounts receivable - trade	168,864	160,430
Contract assets	1,486	727
Merchandise and finished goods	112,748	106,484
Land for sale in lots	67,693	67,624
Work in process	61,087	72,330
Raw materials and supplies	56,704	59,373
Advance payments to suppliers	4,122	5,072
Prepaid expenses	5,793	6,877
Short-term loans receivable	1,115	769
Other	25,044	19,406
Allowance for doubtful accounts	(776)	(755)
Total current assets	685,564	677,502
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	123,499	122,374
Machinery, equipment and vehicles, net	114,194	111,434
Land	85,931	85,990
Leased assets, net	21,750	20,083
Construction in progress	33,599	38,301
Other, net	13,510	13,911
Total property, plant and equipment	392,485	392,094
Intangible assets		
Goodwill	8,636	7,787
Software	17,410	17,114
Leased assets	107	79
Other	32,944	35,754
Total intangible assets	59,097	60,735
Investments and other assets		
Investment securities	127,421	115,157
Long-term loans receivable	1,097	972
Long-term prepaid expenses	2,130	2,064
Retirement benefit asset	35,368	34,743
Deferred tax assets	4,223	7,585
Other	17,136	16,933
Allowance for doubtful accounts	(1,280)	(747)
Total investments and other assets	186,096	176,710
Total non-current assets	637,679	629,541
Total assets	1,323,243	1,307,044

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes payable - trade	*3 578	543
Electronically recorded obligations - operating	*3 15,567	14,690
Accounts payable - trade	107,713	103,914
Short-term borrowings	11,569	2,898
Current portion of bonds payable	30	-
Lease liabilities	5,433	5,083
Accrued expenses	43,107	41,362
Income taxes payable	25,086	20,782
Provision for bonuses	19,628	19,998
Provision for bonuses for directors (and other officers)	474	273
Provision for warranties for completed construction	2,445	1,987
Provision for share awards	112	53
Advances received	57,436	67,367
Other	55,414	54,585
Total current liabilities	344,597	333,542
Non-current liabilities		
Bonds payable	40,000	40,000
Long-term borrowings	46,270	46,043
Lease liabilities	17,421	16,079
Deferred tax liabilities	4,757	1,180
Retirement benefit liability	41,344	43,137
Provision for share awards	1,083	1,038
Other	6,843	7,097
Total non-current liabilities	157,720	154,576
Total liabilities	502,318	488,118
Net assets		
Shareholders' equity		
Share capital	100,002	100,002
Capital surplus	108,621	108,623
Retained earnings	501,945	521,285
Treasury shares	(48,679)	(50,080)
Total shareholders' equity	661,889	679,830
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,197	43,199
Deferred gains or losses on hedges	(15)	(15)
Revaluation reserve for land	320	319
Foreign currency translation adjustment	67,826	58,322
Remeasurements of defined benefit plans	11,111	8,586
Total accumulated other comprehensive income	130,440	110,412
Non-controlling interests	28,595	28,682
Total net assets	820,925	818,925
Total liabilities and net assets	1,323,243	1,307,044

(2) Interim consolidated statement of income and interim consolidated statement of comprehensive income

Interim consolidated statement of income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	611,294	629,054
Cost of sales	423,144	426,252
Gross profit	188,150	202,802
Selling, general and administrative expenses	*	* 154,079
Operating profit	41,155	48,723
Non-operating income		
Interest income	894	1,021
Dividend income	2,816	2,682
Share of profit of entities accounted for using equity method	382	85
Foreign exchange gains	6,493	–
Miscellaneous income	1,853	1,447
Total non-operating income	12,440	5,236
Non-operating expenses		
Interest expenses	616	531
Foreign exchange losses	–	4,110
Miscellaneous expenses	1,442	1,175
Total non-operating expenses	2,059	5,817
Ordinary profit	51,536	48,142
Extraordinary income		
Gain on sale of investment securities	13,701	14,474
Gain on sale of shares of subsidiaries and associates	540	–
Total extraordinary income	14,242	14,474
Extraordinary losses		
Loss on sale and retirement of non-current assets	838	883
Loss on valuation of investment securities	–	242
Total extraordinary losses	838	1,125
Profit before income taxes	64,940	61,490
Income taxes	19,879	17,531
Profit	45,061	43,959
Profit attributable to non-controlling interests	611	1,034
Profit attributable to owners of parent	44,450	42,925

Interim consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	45,061	43,959
Other comprehensive income		
Valuation difference on available-for-sale securities	(989)	(7,960)
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	23,056	(9,590)
Remeasurements of defined benefit plans, net of tax	(71)	(2,536)
Share of other comprehensive income of entities accounted for using equity method	(1,109)	(33)
Total other comprehensive income	20,885	(20,121)
Comprehensive income	65,947	23,838
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	64,370	22,897
Comprehensive income attributable to non-controlling interests	1,576	940

(3) Interim consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	64,940	61,490
Depreciation	24,792	25,628
Amortization of goodwill	713	697
Loss on retirement of non-current assets	832	878
Loss (gain) on sale of non-current assets	5	5
Increase or decrease in retirement benefit asset and liability	(22)	(1,303)
Loss (gain) on sale of investment securities	(13,701)	(14,474)
Loss (gain) on sale of shares of subsidiaries and associates	(540)	–
Loss (gain) on valuation of investment securities	–	242
Interest and dividend income	(3,710)	(3,704)
Interest expenses	616	531
Share of loss (profit) of entities accounted for using equity method	(382)	(85)
Decrease (increase) in accounts receivable - trade, and contract assets	(1,034)	12,270
Decrease (increase) in inventories	(2,244)	(10,454)
Increase (decrease) in trade payables	(21,651)	(2,125)
Increase (decrease) in advances received	6,448	10,014
Other, net	(877)	(2,530)
Subtotal	54,184	77,081
Interest and dividends received	4,211	3,805
Interest paid	(733)	(419)
Income taxes refund	7,980	1,718
Income taxes paid	(16,308)	(23,863)
Net cash provided by (used in) operating activities	49,334	58,322
Cash flows from investing activities		
Purchase of property, plant and equipment	(24,332)	(26,362)
Proceeds from sale of property, plant and equipment	406	407
Payments into time deposits	(9,940)	(8,653)
Proceeds from withdrawal of time deposits	8,363	8,927
Purchase of investment securities	(371)	(956)
Proceeds from sale and redemption of investment securities	22,000	15,858
Proceeds from sale of shares of subsidiaries and associates	16,739	–
Purchase of intangible assets	(5,267)	(3,614)
Decrease (increase) in short-term loans receivable	(1,060)	345
Other, net	257	137
Net cash provided by (used in) investing activities	6,794	(13,908)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	15	793
Repayments of lease liabilities	(2,896)	(2,862)
Repayments of long-term borrowings	(1,765)	(9,576)
Redemption of bonds	–	(30)
Dividends paid	(12,905)	(16,462)
Dividends paid to non-controlling interests	(858)	(900)
Purchase of treasury shares	(7,833)	(8,920)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2)	(2)
Other, net	80	139
Net cash provided by (used in) financing activities	(26,164)	(37,822)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Effect of exchange rate change on cash and cash equivalents	4,662	(2,175)
Net increase (decrease) in cash and cash equivalents	34,627	4,416
Cash and cash equivalents at beginning of period	85,207	126,367
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	8	60
Cash and cash equivalents at end of period	* 119,842	* 130,844

Notes to interim consolidated financial statements

(Change in scope of consolidation or application of the equity method)

From the current interim accounting period, Kofu Sekisui Sangyo Co., Ltd., Toseki Kako Co., Ltd., and Shiseki Kako Co., Ltd., which were previously unconsolidated subsidiaries, have been included within the scope of consolidation due to their increased importance.

PT. Sekisui Indonesia and Sekisui Chemical India Private Ltd. have completed liquidation and have thus been excluded from the scope of consolidation.

(Specific accounting methods applied in the preparation of interim consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year, including the current interim accounting period, and multiplying profit before income taxes (interim period) by the estimated effective tax rate. However, if the calculation of tax expenses using such estimated effective tax rate would significantly lack rationality, tax expenses are calculated using the statutory tax rate.

Income taxes - deferred are included in income taxes.

(Notes to interim consolidated balance sheet)

1. Guarantee obligations

The following liabilities are guaranteed:

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
(1) Guarantee obligations of housing loans for prefabricated modular housing purchasers and the promotion of the employee house ownership plan	59,223	63,540
(2) Other guarantee obligations	3,743	3,142

2. Trade notes receivable transferred by endorsement

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Trade notes receivable transferred by endorsement	251	–

*3. Notes maturing at the end of the interim accounting period

For accounting treatment of notes maturing at the end of the interim accounting period, they are settled on the clearance date of the notes. In this regard, since the end of the previous consolidated fiscal year fell on a bank holiday, the following matured notes were included in the balance at the end of the previous consolidated fiscal year.

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Notes receivable - trade	2,913	–
Notes payable - trade	54	–
Electronically recorded obligations - operating	308	–

(Notes to interim consolidated statement of income)

* The major expense items and their amount in selling, general and administrative expenses are as follows:

(Millions of yen)

	Previous interim accounting period (from April 1, 2023 to September 30, 2023)	Current interim accounting period (from April 1, 2024 to September 30, 2024)
Freight costs, packing expenses, and storage fees	14,151	16,799
Employees' salaries, allowance, and bonuses	44,536	46,368
Provision for bonuses	11,320	12,180
Retirement benefit expenses	2,731	1,408
Depreciation	7,895	8,100
Research and development expenses	20,306	21,664

Research and development expenses only include general and administrative expenses.

(Notes to interim consolidated statement of cash flows)

* Reconciliation of cash and cash equivalents at end of period and the related account on the interim consolidated balance sheet

(Millions of yen)

	Previous interim accounting period (from April 1, 2023 to September 30, 2023)	Current interim accounting period (from April 1, 2024 to September 30, 2024)
Cash and deposits	138,213	142,539
Time deposits with maturity over 3 months	(18,370)	(11,695)
Cash and cash equivalents	119,842	130,844

(Notes to shareholders' equity, etc.)

I Previous interim accounting period (from April 1, 2023 to September 30, 2023)

(1) Dividends paid

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
June 22, 2023 Annual General Meeting of Shareholders	Common shares	12,916	30	March 31, 2023	June 23, 2023	Retained earnings

(Note) The total amount of dividends resolved by the Annual General Meeting of Shareholders held on June 22, 2023 includes dividends of 30 million yen for shares of the Company held by the BIP trust for remuneration for directors (and other officers) and held by the ESOP trust.

(2) Dividends whose effective date falls after the end of the current interim accounting period following the current interim accounting period of the record date

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
October 30, 2023 Board of Directors	Common shares	14,928	35	September 30, 2023	December 1, 2023	Retained earnings

(Note) The total amount of dividends resolved by the Board of Directors meeting held on October 30, 2023 includes dividends of 32 million yen for shares of the Company held by the BIP trust for remuneration for directors (and other officers) and held by the ESOP trust.

II Current interim accounting period (from April 1, 2024 to September 30, 2024)

(1) Dividends paid

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
June 20, 2024 Annual General Meeting of Shareholders	Common shares	16,478	39	March 31, 2024	June 21, 2024	Retained earnings

(Note) The total amount of dividends resolved by the Annual General Meeting of Shareholders held on June 20, 2024 includes dividends of 36 million yen for shares of the Company held by the BIP trust for remuneration for directors (and other officers) and held by the ESOP trust.

(2) Dividends whose effective date falls after the end of the current interim accounting period following the current interim accounting period of the record date

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
October 31, 2024 Board of Directors	Common shares	15,485	37	September 30, 2024	December 2, 2024	Retained earnings

(Note) The total amount of dividends resolved by the Board of Directors meeting held on October 31, 2024 includes dividends of 28 million yen for shares of the Company held by the BIP trust for remuneration for directors (and other officers) and held by the ESOP trust.

(Segment information, etc.)

Segment information

I Previous interim accounting period (from April 1, 2023 to September 30, 2023)

- Information on the amounts of net sales, and profit or loss, for each reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable segments					Other (Notes 1, 2)	Total
	Housing (Note 1)	Urban Infrastructure and Environmental Products	High Performance Plastics	Medical	Total		
Net sales							
Japan	264,100	83,843	55,933	22,489	426,366	1,064	427,430
North America	–	1,260	48,671	9,185	59,118	–	59,118
Europe	–	2,809	36,859	4,212	43,880	–	43,880
China	–	2,636	31,568	6,472	40,676	711	41,387
Asia	564	11,470	21,391	915	34,341	36	34,378
Other	–	1,327	3,367	402	5,098	–	5,098
Net sales to external customers	264,664	103,347	197,791	43,678	609,482	1,811	611,294
Intersegment sales or transfers	161	6,306	2,487	–	8,955	1,369	10,325
Total	264,826	109,654	200,279	43,678	618,438	3,181	621,619
Segment profit (loss)	12,972	8,058	22,971	5,126	49,128	(5,107)	44,021

(Note 1) Net sales in “Housing” include 21,704 million yen that does not correspond to revenue from contracts with customers under “Japan.”

Net sales in “Other” include 430 million yen that does not correspond to revenue from contracts with customers under “Japan.”

(Note 2) “Other” represents segments other than the reportable segments and includes provision of services and manufacturing and sales of film-type lithium-ion batteries and products not included in the reportable segments.

- Difference between the total amount of profit or loss of the reportable segments and the amount recorded in the interim consolidated statement of income, and descriptions of such difference (matters on difference adjustment)

(Millions of yen)

Profit	Amount
Reportable segment total	49,128
Profit (loss) in “other”	(5,107)
Intersegment eliminations	169
Corporate expenses (Note)	(3,035)
Operating profit in interim consolidated statement of income	41,155

(Note) Corporate expenses are mainly general and administrative expenses not attributable to each reportable segment.

II Current interim accounting period (from April 1, 2024 to September 30, 2024)

1. Information on the amounts of net sales, and profit or loss, for each reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable segments					Other (Notes 1, 2)	Total
	Housing (Note 1)	Urban Infrastructure and Environmental Products	High Performance Plastics	Medical	Total		
Net sales							
Japan	252,921	86,525	56,038	22,884	418,370	1,330	419,701
North America	–	1,572	56,164	11,751	69,488	–	69,488
Europe	–	3,561	43,127	5,399	52,087	–	52,087
China	–	1,959	34,893	6,502	43,355	847	44,202
Asia	683	11,809	25,039	1,089	38,621	19	38,640
Other	–	1,282	3,400	250	4,933	–	4,933
Net sales to external customers	253,605	106,710	218,663	47,877	626,857	2,197	629,054
Intersegment sales or transfers	49	6,720	2,451	–	9,220	1,278	10,498
Total	253,654	113,430	221,115	47,877	636,077	3,475	639,553
Segment profit (loss)	14,564	8,470	29,856	5,956	58,849	(5,900)	52,949

(Note 1) Net sales in “Housing” include 22,208 million yen that does not correspond to revenue from contracts with customers under “Japan.”

Net sales in “Other” include 541 million yen that does not correspond to revenue from contracts with customers under “Japan.”

(Note 2) “Other” represents segments other than the reportable segments and includes provision of services and manufacturing and sales of film-type lithium-ion batteries and products not included in the reportable segments.

2. Difference between the total amount of profit or loss of the reportable segments and the amount recorded in the interim consolidated statement of income, and descriptions of such difference (matters on difference adjustment)

(Millions of yen)

Profit	Amount
Reportable segment total	58,849
Profit (loss) in “other”	(5,900)
Intersegment eliminations	(162)
Corporate expenses (Note)	(4,063)
Operating profit in interim consolidated statement of income	48,723

(Note) Corporate expenses are mainly general and administrative expenses not attributable to each reportable segment.

(Revenue recognition)

Information on disaggregation of revenue from contracts with customers is as stated in “Notes to interim consolidated financial statements (Segment information, etc.)”

(Per share information)

Basic earnings per share for the interim period and the basis for calculation are as shown below.

	Previous interim accounting period (from April 1, 2023 to September 30, 2023)	Current interim accounting period (from April 1, 2024 to September 30, 2024)
Basic earnings per share for the interim period (yen)	104.18	102.51
(Basis for calculation)		
Profit attributable to owners of parent (millions of yen)	44,450	42,925
Amount not attributable to common shareholders (millions of yen)	–	–
Profit attributable to owners of common shares of parent (millions of yen)	44,450	42,925
Average number of outstanding common shares during the period (thousands of shares)	426,648	418,726

- (Notes) 1. The diluted earnings per share for the interim period is not provided because there are no potential shares.
2. The Company’s shares remaining in the BIP trust and the ESOP trust which are recorded as treasury shares under shareholders’ equity are included in treasury shares to be deducted from the average number of outstanding shares during the period for the calculation of basic earnings per share for the interim period.
- The average number of treasury shares during the period deducted for the calculation of basic earnings per share for the interim period was 981,000 shares in previous interim accounting period and 858,000 shares in the current interim accounting period.

(Significant subsequent events)

Not applicable.

2. Other

(Dividend)

The Company resolved at its Board of Directors meeting on October 31, 2024 as follows.

Matters concerning the common shares dividend

- | | |
|-------------------------------|--------------------|
| (1) Total amount of dividends | 15,485 million yen |
| (2) Dividend per share | 37 yen |
| (3) Record date | September 30, 2024 |
| (4) Effective date | December 2, 2024 |
| (5) Source of dividends | Retained earnings |

Part 2. Information About Reporting Company's Guarantor, Etc.

Not applicable.